

Message Text

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ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-06

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

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R 060519Z NOV 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 3369

UNCLAS TAIPEI 6696

E.O. 11652: N/A

TAGS: BPRO, EFIN, TW

SUBJECT: PRESTO TAIWAN LTD., TAIPEI HSIEN, TAIWAN, ROC

REF : STATE 235446

1. C. C. HU (HU CHIA-CHUEH) SECRETARY GENERAL OF FOREIGN INVESTMENT COMMISSION AND C. S. PAN (PAN CHIA-SHENG) OF BOFT STATE THERE WERE NO IMPROPER LICENSES OR PERMITS INVOLVED IN THE PRESTO INVESTMENT. THEY DO NOT UNDERSTAND CLAIM THAT PRESTO "UNABLE TO GET DOLLARS AND FINISHED PRODUCTS OUT OF THE COUNTRY UNTIL JANUARY 16, 1975." EMBASSY WAS TOLD EXPORTS OF ELECTRONIC COMPONENTS HAVE NEVER BEEN CONTROLLED. ALSO, EMBASSY HAS NOT HEARD OF A CASE INVOLVING DIFFICULTY IN OBTAINING PERMISSION TO SERVICE BORROWING FROM ABROAD.

2. ACCORDING TO ASSISTANT MANAGER FNCB TAIPEI BRANCH, PRESTO BORROWED SOME US\$200,000 FROM THEM AND THEY HAVE AGREED TO EXTEND REPAYMENT SCHEDULE BY ONE YEAR. BANK OFFICER FEELS REHFELDT AND PRESTO BASICALLY SOUND BUT FACING DIFFICULTY RESULTING FROM GENERAL SLOWDOWN IN ELECTRONICS INDUSTRY AND LATE PRODUCTION START WHICH TOOK PLACE ONLY IN MAY THIS YEAR. LATTER PROBLEM AROSE PARTIALLY FROM DELAY IN DELIVERY OF MACHINERY ORDERED

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FROM GERMANY.

3. TWO OF PRESTO'S CUSTOMERS, RCA AND ADMIRAL, REPORT PURCHASES OF US\$10-15,000 AND US\$2-3,000 MONTHLY, RESPECTIVELY. BOTH FIND PRESTO QUALITY AND DELIVERY SCHEDULE SATISFACTORY.

4. FRANK ESKUCHEN BANKS WITH SOCIETY NATIONAL BANK. HE IS REPORTEDLY OWNER OF CITY TOOL MANUFACTURING CO. THE REHFELDT'S HAVE ABOUT FOUR COMPANIES ACTIVE IN THE ROC INCLUDING LAIFU TRADING CO. WHICH IMPORTS U.S. COLOR TV SETS AND OTHER CONSUMER PRODUCTS. WHILE SALES WERE STRONG IN EARLY 1974, VOLUME HAS DROPPED CONSIDERABLY AND MAY BE CONTRIBUTING TO FINANCIAL SQUEEZE.

5. COMMENT: WHILE REVIEW OF INFORMATION AVAILABLE HERE

SUPPORTS IMPRESSION THAT PRESTO PROBABLY GENERALLY WELL-MANAGED AND SUBJECT TO ECONOMIC PROBLEMS BEYOND THEIR CONTROL, EMBASSY QUESTIONS CLAIM OF PRESTO TO EXIM BANK THAT THEY HAVE PROBLEM GETTING DOLLARS AND FINISHED PRODUCTS OUT OF THE COUNTRY. WILL TAKE UP THIS MATTER DIRECTLY WITH COMPANY IF AUTHORIZED BY

EXIM BANK.
UNGER

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